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IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF MASSACHUSETTS

No. 04-11109 RGS

LEXINGTON INSURANCE COMPANY and NATIONAL UNION FIRE
INSURANCE COMPANY OF PITTSBURGH, PA,

VIRGINIA SURETY COMPANY, INC.,

Plaintiffs

vs.

VIRGINIA SURETY COMPANY, INC.,

Defendants

RULE 30(b)(6) DEPOSITION OF LEXINGTON INSURANCE COMPANY
BY AND THROUGH WILLIAM R. EDDOWS, ESQUIRE

Thursday, June 8, 2006 10:05 a.m

Mintz Levin

One Financial Center, Boston, MA 02111

Reporter: Janet M. Konarski, RMR, CRR

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1 Q. Were you involved at all in the collection
2 of documents to produce in response to the document
3 requests that we submitted in this case?

4 A. No.

5 Q. Could you tell me what the relationship is
6 between Lexington Insurance Company and National Union
7 Fire Insurance Company, if any?

8 A. They are both sister insurance companies
9 of American International Group.

10 Q. Are they in different lines of business?

11 A. Lexington is an excess surplus lines
12 company. National Union is an admitted carrier.

13 Q. And could you just describe what an
14 admitted carrier and what a surplus lines carrier is?

15 A. An admitted carrier is a carrier admitted
16 to do business in various states and has to comply with
17 the rules and regulations that apply to admitted
18 carriers. An excess, surplus carrier would be
19 considered non-admitted, and separate rules apply in
20 instances such as that. There is a difference between
21 what forms have to be preapproved and things like that.
22 I don't know all of the differences, but that is the
23 main one.

24 Q. All right. In terms of the types of

1 insurance policies that Lexington sells and National
2 Union sells, and, by the way, just for ease, if I refer
3 to it as National Union or NUFIC, can we agree that is
4 National Union Fire Insurance Company?

5 MR. COHEN: Sure.

6 A. Yes.

7 Q. In terms of the types of insurance
8 policies that are issued or underwritten by Lexington
9 and NUFIC, are there any differences?

10 A. No.

11 Q. Are they all in the same lines?

12 A. Pretty much.

13 Q. Does Lexington write primary general
14 comprehensive general liability insurance or commercial
15 general liability insurance?

16 A. Yes.

17 Q. And it writes excess policies?

18 A. It does.

19 Q. Does NUFIC write primary commercial
20 general liability coverage?

21 A. Yes.

22 Q. And does it write excess policies, as
23 well?

24 A. I believe so.

1 What is the difference between those?

2 A. No. They all handle various types of
3 claims.

4 Q. Why three units? Just for efficiency?

5 A. Volume-wise.

6 Q. Volume?

7 A. That's right.

8 Q. What was Betty Viscione's role with
9 respect to the program policies?

10 A. Again, she was the manager of that unit to
11 which these claims came into.

12 Q. Who handles the claims when they come in?

13 A. The claims examiner to which they're
14 assigned.

15 Q. Is Lexington dealing directly with
16 lawyers, or is there a third-party claims administrator
17 handling this on behalf of Lexington and NUFIC?

18 A. In this situation, York Claims is used as
19 a claims handling entity, and Lexington oversees their
20 activities, coordinates with them.

21 Q. Is York Claims Service an AIG company?

22 A. No.

23 Q. It's an independent operation?

24 A. It is.

1 Q. Does Lexington -- so Lexington pays them a
2 fee essentially for handling the claims?

3 A. That's correct.

4 Q. And what is it that determines whether you
5 would use York Claims Service rather than handle the
6 case directly?

7 A. I'm not sure.

8 Q. And you list JR Maul, unit manager, York
9 Claims Services. Is he the person at York, who has
10 primary responsibility for the claims under this
11 program?

12 A. Yes. He would be the claims -- he
13 similarly to the way Betty would oversee activities of
14 examiners at Lexington in Boston, he would oversee York
15 examiners working on this account.

16 Q. And Brenda Bouyer-Windley, general
17 liability manager, Risk Specialist Company of New York,
18 do you know what her responsibilities are?

19 A. I know that she is an underwriter by
20 training, and I believe she's the custodian of the
21 files at issue.

22 Q. Did she have any involvement with the
23 placement of these policies?

24 A. I'm not aware one way or another.